

AMENDED IN SENATE MAY 19, 1998

AMENDED IN SENATE APRIL 27, 1998

AMENDED IN SENATE MARCH 9, 1998

SENATE BILL

No. 1416

**Introduced by Senators Brulte, Haynes, *Hurt*, Kelley,
McPherson, and Peace**

(Coauthors: Assembly Members Alby, Ashburn, Baldwin,
Baugh, Cunneen, Goldsmith, *Granlund*, Kaloogian, Leach,
Margett, Murray, Olberg, Oller, Ortiz, Pacheco, Richter,
Shelley, and Woods)

January 16, 1998

An act to add Section 19993.05 to the Government Code,
relating to state employees.

LEGISLATIVE COUNSEL'S DIGEST

SB 1416, as amended, Brulte. State employees: deferred
compensation.

Existing law authorizes the Department of Personnel
Administration to establish deferred compensation plans for
state officers and employees.

This bill would require the department to permit officers
and employees participating in a deferred compensation plan
to invest in stocks and bonds listed with and traded on
specified securities markets. ~~The bill would require the
Director of the Department of Personnel Administration to
determine the cost of a plan established under this
requirement and to assess and collect fees from plan
participants.~~ The bill would require the director to submit a

report on the implementation of this program to the Legislature on or before April 15, 1999. The bill would entitle this provision the Freedom of Financial Choice Act.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19993.05 is added to the
2 Government Code, to read:

3 19993.05. (a) This section shall be known and may be
4 cited as the Freedom of Financial Choice Act.

5 (b) The department shall permit officers and
6 employees participating in a plan established by the
7 department under this chapter to invest in stocks and
8 bonds listed with and traded on the New York Stock
9 Exchange, the American Stock Exchange, or the National
10 Market System sponsored by the National Association of
11 Securities Dealers (NASD) and the National Association
12 of Securities Dealers Automated Quotations system
13 (NASDAQ), or shares or units of any open-ended
14 registered investment company:

15 ~~(e) The director shall determine the cost of a plan~~
16 ~~established under this chapter and shall assess and collect~~
17 ~~fees from the plan participants.~~

18 ~~(d) that are offered by banks, mutual funds, life~~
19 ~~insurance companies, and other financial institutions that~~
20 ~~provide similar programs as a regular part of business.~~

21 (c) Notwithstanding Sections 7550.5 and 9795, the
22 director shall prepare and submit to the Legislature on or
23 before April 15, 1999, a report on the implementation of
24 this section.

